

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2022-__ W/S**

Joint Application for Approval of)	
the Sale of Assets and Transfer of)	
Facilities, Territory and Certificate)	
of Public Convenience and)	APPLICATION
Necessity from Total Environmental)	
Solutions, Inc. to CSWR South)	
Carolina Utility Operating)	
Company, LLC)	

Central States Water Resources, Inc., (“Central States”), CSWR-South Carolina Utility Operating Company, LLC, (“CSWRSC”), and Total Environmental Solutions, Inc. (“TESI”) (collectively the “Joint Applicants”), pursuant to 10 S.C. Code Ann. Regs. 103-504 and 103-704, and other applicable rules and regulations, jointly apply to the Public Service Commission of South Carolina (“Commission”) for approval of a sale of assets, including water and sewer facilities, territories, and certificates of public convenience and necessity, from TESI to CSWRSC (“Application”). In support of this Application, the Joint Applicants would show this Commission the following:

1. TESI is a Louisiana corporation that owns and operates water and water treatment facilities providing water and sewer services to the public for compensation in the Foxwood Hills Subdivision located in Oconee County.
2. TESI is a “public utility” as defined in S.C. Code Ann. Section 58-5-10(4).
3. TESI’s current schedule of rates and charges was approved by the Commission in Order No. 2006-292(A) issued in Docket No. 2004-90-W/S, dated May 9, 2006, as modified by Order No. 2008-492 issued in Docket No. 2007-359-W/S, dated July 15, 2008).

4. The service area served by TESI is set forth in the map attached and incorporated by reference as **Exhibit A**.
5. As of the date of this Application, TESI is current on its SCPSC Gross Receipts Report, payments, and annual report.
6. Central States is a corporation organized and existing under the laws of the State of Missouri.
7. CSWR South Carolina Utility Operating Company, LLC, is a limited liability company (LLC) organized and existing under the laws of the State of South Carolina that was formed for the purpose of acquiring, owning, and operating regulated water and wastewater utilities in South Carolina. CSWRSC is an affiliate of Central States, and also of CSWR, LLC, (CSWR), a Missouri limited liability company which indirectly owns 100% of CSWRSC. Other affiliates indirectly owned by CSWR currently own and operate 292 water and sewer systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, Arizona, North Carolina, and Arkansas. Those systems serve approximately 123,000 sewer customers and approximately 76,000 water customers. In addition, the CSWR affiliate group has applications pending in Arizona, Mississippi, North Carolina, Florida, Louisiana, Missouri, Tennessee, and Texas to acquire even more such systems. An organization chart identifying each of the affiliated entities indirectly owned by CSWR is attached to this Application as **Exhibit B**.
8. A copy of CSWRSC's certificate of good standing in South Carolina is attached hereto and incorporated by reference as **Exhibit C**.
9. The Joint Applicants seek expedited approval of this Application and a waiver of any requirement for a formal hearing if, after notice, no substantial opposition arises.

10. All communications or inquiries regarding this Application should be directed as follows:

John J. Pringle, Jr.	Russ Mitten, General Counsel
Adams and Reese, LLP	Central States Water Resources, LLC
1501 Main Street, 5 th Floor	1630 Des Peres Rd., Suite 141
Columbia, SC 29201	Des Peres, MO 63131
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11. Central States has entered into an Agreement for Sale of Utility System (“Agreement”), through which CSWRSC¹ will acquire the water and sewer system, service territories, personal and business property, real property, easements, governmental authorizations (including any certificates of public convenience and necessity issued by the Commission, National Pollution Discharge Elimination System permits, and other permits), and certain other property necessary for the operation of the TESI water and sewer systems. A redacted copy of the Agreement is attached and incorporated herein by reference as **Exhibit D**. The Joint Applicants are filing a confidential copy of the Agreement under seal with a motion for confidential treatment.

12. The Joint Applicants submit that the sale of assets from TESI to CSWRSC is in the public interest. TESI no longer wishes to own the utility, and CSWRSC is a buyer with the financial resources to effect the transaction. CSWR-affiliated utilities have purchased and currently operate more than 280 public drinking water and wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, Tennessee, Arizona, and North Carolina through which they provide safe and reliable utility service to more than 190,000 customers.

¹ As authorized in the Agreement, Central States will assign its rights in the Agreement to its affiliate CSWRSC prior to closing.

Since March 2015, CSWR affiliates have designed, permitted, and completed construction of more than \$21.2 million of upgrades and improvements to drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing, or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

For wastewater systems, CSWR-affiliated companies have designed, permitted, and constructed more than \$72.3 million of sanitary system improvements. Those improvements include wastewater line repairs to remedy infiltration and inflow problems, construction of sewer main extensions, construction and repairs of multiple lift stations, closures of environmentally-distressed wastewater treatment plants, conversion of failing wastewater treatment plants into sludge storage/flow equalization and treatment basins, conversion of failed mechanical systems to I-Fast systems, and construction of various other improvements to existing wastewater treatment facilities.

CSWR's affiliates have access to technical and managerial expertise and experience not usually available to small water and wastewater systems. And CSWR's business model provides that expertise at a lower cost because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

In addition, the affiliated group of which CSWR South Carolina is a member has been able to secure an ongoing commitment from a Wall Street private equity firm to provide capital

necessary to purchase small, oftentimes distressed, systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental laws. Those investors also supply working capital necessary to operate the systems until compensatory rates can be set by state regulators. Investment is provided primarily in the form of equity, but CSWR is committed to seek commercial debt financing as soon as practicable to balance the capital structure.

The public interest is served by having utility ownership committed to operating the utility and investing the necessary capital required for sustainable, efficient, operation. Customers will not be materially affected by the transaction, and the transition of the utility ownership will be carefully managed so that any inconvenience to customers is as minimal as possible. If the Joint Application is approved, CSWRSC would implement operational changes to improve and enhance service to TESI's current customers.

13. Unless and until a rate adjustment or other rate schedule modification is approved by the Commission, CSWRSC will operate the water and sewer system pursuant to the current schedule of rates and charges approved by the Commission for TESI in the Commission orders previously referenced.

14. If this Application is granted, all of TESI's water and sewer customers will become customers of CSWRSC; TESI will discontinue the provision of water and sewer services to the public and will no longer have authorized service territories or the related certificates of public convenience and necessity previously granted by this Commission. Further, if the Application is granted, the service area that would be authorized to CSWRSC would be as shown on the map attached hereto and incorporated herein by reference as **Exhibit A**.

15. CSWRSC will post performance bonds as required by S.C. Code Reg. 103-512 and 103-712 upon approval of this Application, and will comply with all applicable rules and regulations of the Commission.

16. Closing of the Agreement is expressly contingent upon, among other things, Joint Applicants obtaining the approval of the Commission for the sale of assets of TESI to CSWRSC. No transfer of any assets has occurred, or will occur, unless and until such approval is obtained.

17. A proposed notice of filing is attached as **Exhibit E**.

18. Based upon the information provided above, approval of the Agreement is in the public interest.

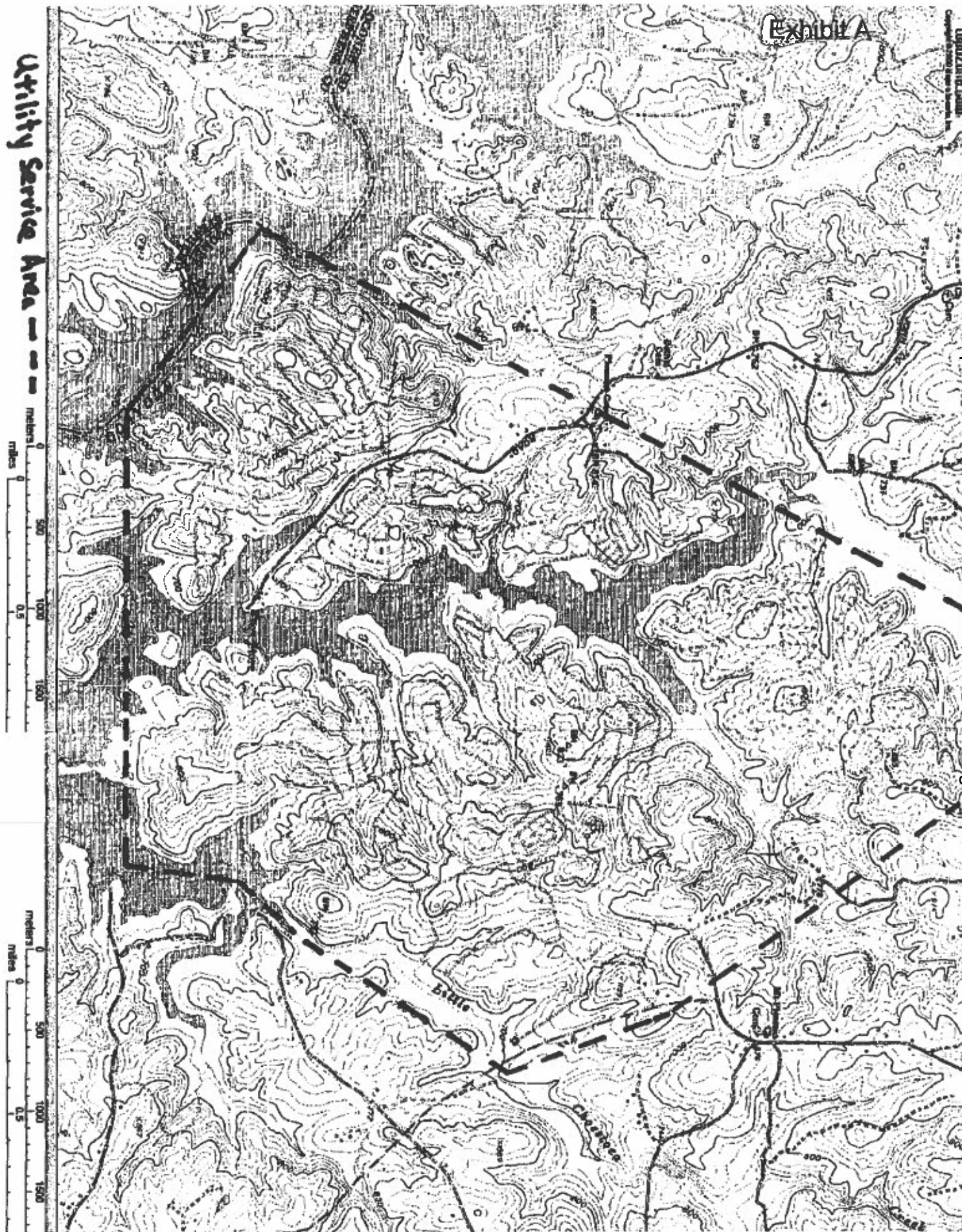
WHEREFORE, the Joint Applicants respectfully request that the Commission:

- a) approve the sale of the assets currently used or useful to serve the customers TESI, including the transfer of water and sewer systems, territory, certificates, permits, powers, and privileges, from TESI to CSWRSC;
- b) permit CSWRSC to operate the water and sewer systems currently owned and operated by TESI under the schedules of rates and charges currently approved for them by this Commission;
- c) allow CSWRSC to operate the acquired systems under the name "Central States Water Resources South Carolina, LLC"; and
- d) grant such other relief as is just and proper.

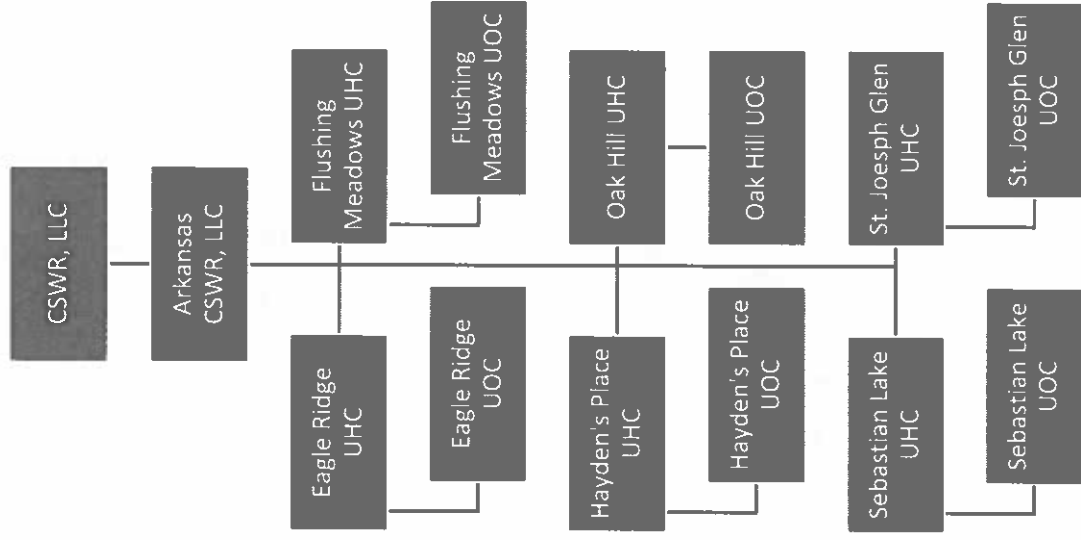
Respectfully submitted,

By: s/John J. Pringle, Jr.
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Attorneys for Joint Applicants

Exhibit A



Arkansas CSWR Organizational Chart Detail



The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Existence

I, Mark Hammond, Secretary of State of South Carolina Hereby Certify that:

CSWR-South Carolina Utility Operating Company, LLC, a limited liability company duly organized under the laws of the State of South Carolina on July 28th, 2021, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to S.C. Code Ann. §33-44-809, and that the company has not filed articles of termination as of the date hereof.

Given under my Hand and the Great Seal
of the State of South Carolina this 31st day
of March, 2022.


Mark Hammond, Secretary of State

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 4th day of February, 2021, (the "Effective Date") by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and TOTAL ENVIRONMENTAL SOLUTIONS, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates, as a regulated water and sewer corporation, water and sewer facilities providing water and sewer service to customers in the areas ("Service Areas") more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Oconee County, South Carolina (hereinafter collectively referred to as the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and laws of the State of Louisiana, registered to transact business as a foreign corporation with the South Carolina Secretary of State, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all immovable real property including improvements and fixtures located within the System and forming an integral part of the System including, but not limited to, all associated improvements for the conveyance of water and sewer to each of the customers connected to the Service Areas (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated

affiliate, all of Seller's then existing rights, title and interest to the following items forming a part of or used in or necessary for the provision of water and sewer service in the System located in Oconee County, in the State of South Carolina :

A. The land, improvements thereon, servitudes, rights of way, and permits and governmental authorizations (to the extent transferrable) and leases related to the System and Service Areas depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

B. All of Seller's water and sewer service facilities and their component parts permanently attached to the water and sewer system including but not limited to lines, plant, pipes, manholes and appurtenances;

E. All of Seller's rights, title and interest in and to franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds or other financial assurances or guaranties, and customer deposits, if any, pertaining to, allocable to or arising out of the provision of water and sewer service in Oconee County, South Carolina and described in *Exhibit "C"*, attached hereto;

F. All of Seller's contract rights, supplies, goodwill, and general intangibles including accounts receivable pertaining to the provision of water and sewer service to customers of the System, except accounts receivable accrued prior to the Closing and/or arising from water and sewer services provided by Seller before Closing; and

G. All intangible rights directly related to and required for the operation and maintenance of the System including permits (to the extent transferrable) and servitudes.

The items to be sold and delivered, as above described in this Section 1, are hereinafter collectively described as the "Assets."

2. CONVEYANCES OF REAL ESTATE.

The real estate to be conveyed by Seller will include all land and improvements incorporated therein and/or thereon described in Exhibit "B" attached hereto and all interest of Seller in any water and sewer and other utility servitudes used in the provision of water and sewer service to customers of the System. The real estate will be conveyed by an Act of Sale with limited warranty as to title as to Seller's own acts, in a form satisfactory to Buyer and Seller, and will vest marketable title in fact in the Buyer. Servitudes shall be assigned by written assignment or other

means, with only limited warranty of title as to Seller's own acts in a form satisfactory to Buyer and Seller vesting marketable title in fact in the Buyer.

At Buyer's expense, Buyer shall obtain, and furnish to Seller, at least forty-five (45) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of the Purchase Price issued by a company authorized to issue title insurance in the state of South Carolina, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall at least thirty-five (35) calendar days prior to Closing, notify Seller, in writing, of any objections thereto and furnish a copy of any exception item to which Buyer objects (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits, but with no indemnities to the Seller's knowledge or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of an Act of Sale in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have thirty (30) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void. Any and all, Acts of Sale, and/or Assignments, shall be without any warranty of fitness or condition, and a waiver of warranty against redhibitory (hidden or latent) defects and appropriate language to that effect shall be included in any such acts.

3. **REGULATORY APPROVAL.**

If necessary, Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the South Carolina Public Service Commission ("SCPSC"), South Carolina Office of Regulatory Staff ("SCORS"), South Carolina Department of Health and Environmental Control ("SCDHEC"), or any other regulatory agency in the State of

South Carolina, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any, required for operation of the System.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] for purchase of the Assets ("Purchase Price"). Within ten (10) days of the full execution of this Agreement, Buyer shall deposit with a title company of its choosing (the "Escrow Agent") a deposit in the amount of [REDACTED] (the "Deposit"). If this Agreement is terminated for the following reasons: i. at the election of Buyer in accordance with Section 8.F. herein, ii. at the election of by Buyer if such termination is due to Seller's breach of this Agreement or iii. by Seller in accordance with Section 28 herein, the Deposit shall be refunded to the Buyer. However, if this Agreement is terminated on any basis other than the aforesaid reasons, the entire Deposit shall be paid to Seller. The Escrow Agent will execute this Agreement upon receipt of the Deposit and send notice to Seller of receipt of the Deposit and of Escrow Agent's agreement to hold and disburse the Deposit in accordance with this Agreement.

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location (including remotely) no later than forty-five (45) days after the effective date of any approval(s) from State or Federal regulatory agencies required for Buyer's acquisition and operation of the System, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such Acts of Sale, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and sole expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and

assessments levied or assessed against the Assets shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume all liability, and become responsible, for all obligations past and present, in connection with the Assets including the obligations to continue to provide water and sewer services and to bill and collect all water and sewer fees related to the water and sewer services.

6. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

The Seller represents and warrants as follows:

A. **Organization and Standing of Seller.**

Seller is a corporation, organized, existing, active and in good standing under the constitution and the laws of the State of Louisiana, registered to transact business as a foreign corporation and in good standing with the South Carolina Secretary of State.

B. **Liabilities.**

All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets existing at the time of Closing, are liabilities and obligations of the Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.**

After Buyer's inspection and acceptance of the Assets, there shall not be:

- i. Any material change in the use of the Assets in connection with the business or operations of the System;
- ii. Any damage, destruction or loss whether or not covered by insurance, resulting in a material adverse effect on the value of the Assets and/or a material adverse effect on the operation and/or operational effectiveness of the Assets.

D. Title to Properties.

Within forty-five (45) days prior to the Closing and with Buyer's assistance, Seller shall have obtained the legal right or necessary regulatory approval to transfer all of the Assets including regulatory permits or authorizations. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Assets to be sold under this Agreement, in all cases, free and clear of all monetary liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, monetary encumbrances or other monetary charges, with limited warranty of title as to Seller's own acts created by Seller, except liens for taxes not yet due or payable, servitudes or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Assets to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor prior to the Closing to establish, at Buyer's expense, the property boundaries and servitude locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility servitudes, if any, to the extent the same can be shown with reference to such lot lines and platted utility servitudes.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks a servitude or other interest necessary for operation of the System or 2) a servitude is defective in title or interest conveyed. If in Buyer's reasonable opinion it appears that Seller lacks a valid servitude required for any portion of the System, or any servitude necessary for the operation of the System suffers from a defect in title or interest conveyed, Buyer at its option may: 1) cancel this Agreement, 2) notify Seller that Buyer will cancel the Agreement unless a necessary servitude is acquired or a defect satisfactorily cured or remedied, or 3) undertake any action, which in Buyer's reasonable discretion, would correct a servitude or remedy the situation caused by a lack of a servitude or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor

shall such failure be construed as Buyer's waiver of any such provisions.

E. **Authority to Operate.**

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller and dedicated to the System except for tangible, movable (personal) property. To the best of Seller's knowledge, the System has all of the approvals, authorizations and permits required for its lawful operation and is being operated, and will continue to be operated up to the date of Closing in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service (except those effluent limits to which the systems may subject to), and with local building and zoning codes. Seller agrees that from the Effective Date until either the termination of this Agreement or up to and until the Closing that Seller will not file any notices, requests, compliance documents, pleadings, or any other documents regarding the System with any governmental or quasi-governmental authority that has jurisdiction over Seller in the operation, regulation or oversight of the System without first providing at least three (3) full business day prior notice to the Buyer of such filing.

F. **Litigation.**

To the best of Seller's knowledge, there is no litigation or proceeding pending, or threatened, against or relating to Seller, the Assets, or the System except as otherwise disclosed to Buyer.

G. **No Violation or Breach.**

To the best of Seller's knowledge, the performance of this Agreement by Seller, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect for financing, whether secured or unsecured.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES.**

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.**

Buyer is a corporation organized, existing under the constitution and laws of the State of Missouri, in good standing, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

B. **Authority.**

The execution and delivery of this Agreement by Buyer and the purchase of the Assets as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.**

All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.**

Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable after diligent efforts, to obtain the required regulatory approvals or authorizations required for Buyer to acquire and operate the System as contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.**

Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.**

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing; including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the day of the Closing, to include SCPSC assessments, if any.

D. **Feasibility.**

Completion of Buyer's examination, testing and inspection of the Assets, the securing of any and all licenses, permits or governmental approvals Buyer deems necessary for Buyer's proposed uses of the Assets, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion.

Notwithstanding anything to the contrary herein, for purposes of this Agreement, the period of time between the Effective Date of this Agreement and one hundred twenty (120) days from the Effective Date of this Agreement, shall be referred to herein as the "Inspection Period." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Assets; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the use of the Assets as intended by Buyer.

E. **No Casualty.**

The Assets shall not have been adversely affected in any adverse material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding so as to result in a material decrease in the value of the System or result in a material adverse effect on the Systems' ability to operate.

F. **Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the expiration of the Inspection Period, except for: (i) title objections first arising after the title insurance commitment date; and/or (ii) for material matters first arising after the expiration of the Inspection Period and upon furnishing written notice to Seller. Buyer shall have the right to terminate this Agreement if there are title objections that Seller cannot or will not cure.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE**

All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.**

Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such

time.

B. Performance.

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

10. INDEMNIFICATION.

A. Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

1. All penalties or fines issued for the violation of any laws or regulations which occurred prior to the date of the Closing and including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

2. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or knowing omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement;

3. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

4. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

B. Buyer shall defend, indemnify and hold harmless Seller for any damage to Seller's property and/or to third persons related to Buyer's and/or its contractors and/or agents acts related to any inspections on and/or adjacent to the System.

11. FEES AND COMMISSIONS.

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit per written agreement,

shall be equally divided.

12. **HAZARD INSURANCE & CASUALTY LOSS.**

Seller shall maintain current hazard insurance in force on the Assets until the Closing. The risk of loss to the Assets shall pass to Buyer upon delivery of possession of the Assets to Buyer. If an event of casualty occurs to the Assets prior to the Closing that materially and adversely affects the value of the Assets and/or materially, adversely affects the Systems' operation, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Assets or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. **BENEFIT.**

All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.**

This Agreement shall be construed and enforced in accordance with the laws of the State of Louisiana.

15. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD PARTY BENEFICIARIES.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.**

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein

and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment and an executed copy of the assignment, and in said assignment the assignee shall assume in solido (jointly and severally) all obligations of Seller under this Agreement. No assignment shall release Buyer other than the foregoing permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.**

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 20, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the

parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
1650 Des Peres Road, Suite 303
St. Louis, MO 63131
Facsimile: (314) 238-7201
Email: jcox@cswrgroup.com

With a Copy to:

James A. Beckemeier
The Beckemeier Law Firm, LC
13421 Manchester Road, Suite 103
St. Louis, MO 63131
Facsimile: (314) 965-0127
Email: jim@beckemeierlaw.com

If to Seller:

Wayne Owens, CEO
Total Environmental Solutions, Inc.
1824 Ryder Drive
Baton Rouge, LA 70808
Phone: (225) 766-4477 (ext. 3017)
Facsimile: (225) 766-4470
Email: wowens@tesi-usa.com

With a Copy to:

Timothy J. Poche
Taylor Porter Brooks & Phillips, LLP
450 Laurel Street, 8th Floor
Baton Rouge, Louisiana 70801
Facsimile: (225) 346-8049
Email: tim.poche@taylorporter.com

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY.**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES.**

Except as specifically provided otherwise, if any, in this Agreement, Buyer and Seller shall each bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

24. **CONSTRUCTION.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS.**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES.**

If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover

damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

27. **AUTHORITY TO EXECUTE.** Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

28. **EFFECTIVE PERIOD.** Notwithstanding anything to the contrary herein, if Closing does not occur within twelve (12) months of the acknowledgement of Escrow Agent below, then except for the default of Buyer or Seller, either party may terminate this Agreement at its sole discretion without liability.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

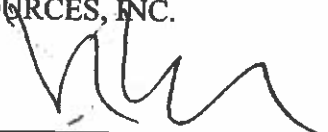
TOTAL ENVIRONMENTAL
SOLUTIONS, INC.

By: 
Wayne Owens, CEO

Date: 2-04-21

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

By: 
Josiah Cox, President

Date: _____

The undersigned accepts the duties and obligations of Escrow Agent under this Agreement and certifies that Escrow Agent has received the Deposit.

Escrow Agent

By: _____

Date: _____

EXHIBIT "A"

Service Area Description

[Service Area Map & Legal Description to be inserted prior to Closing]

- Fox Wood Hills Subdivision (NPDES Permit SC0022357)

EXHIBIT "B"

Description of Land including Improvements and fixtures thereon, Servitudes, Rights of Way,
Permits and Leases

(The legal description(s) of the Land, Improvements thereon, Servitudes, Rights of Way shall be determined by
survey and title commitments provided by Buyer, which shall be inserted prior to the Closing).

EXHIBIT "C"

Material and Rights Via Agreements, Contracts, Misc.
(franchise agreements, franchise rights, and customer deposits)

Exhibit E

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

CLERK'S OFFICE

NOTICE OF FILING

DOCKET NO. 2022-__ WS

Joint Application of the Sale of Assets and Transfer of Facilities, Territory and Certificate of Public Convenience and Necessity from Total Environmental Solutions, Inc. to CSWR South Carolina Utility Operating Company, LLC

Central States Water Resources, Inc., ("Central States"), CSWR-South Carolina Utility Operating Company, LLC, ("CSWRSC"), and Total Environmental Solutions, Inc. ("TESI") (collectively the "Joint Applicants") jointly applied to the Public Service Commission of South Carolina ("Commission") for approval of a sale of assets, including water and sewer facilities, territories, and certificates of public convenience and necessity, from TESI to CSWRSC ("Application"). The Application was filed pursuant to 10 S.C. Code Ann. Regs. 103-504 and 103-704, and other applicable rules and regulations. The Joint Applicants have entered into an Agreement for Sale of Utility System (Exhibit D of the Application) through which CSWRSC will acquire the water and sewer system, service territories, personal and business property, real property, easements, governmental authorizations (including any certificates of public convenience and necessity issued by the Commission), National Pollution Discharge Elimination System permits, and other permits), and certain other property necessary for the operation of the TESI water and sewer systems. The Application also requests the Commission to permit CSWRSC to operate the water and sewer systems currently owned and operated by TESI under the schedules of rates and charges currently approved for them by the Commission.

A copy of the Application can be found on the Commission's website at www.psc.sc.gov under Docket No. 2022-__-WS. Additionally, a copy of the Application is available from John J. Pringle, Jr., Esquire, Adams and Reese, LLP, 1501 Main Street, 5th Floor, Columbia, South Carolina 29201.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before __, 2022, and provide a copy to the Office of Regulatory Staff and to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. *Please refer to Docket No. 2022-__-WS.* Any person who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the Company's representative at the above address, on or before __, 2022. *Please refer to Docket No. 2022-__-WS.*

A public hearing, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission located at 101 Executive Center Drive, Columbia, South Carolina 29210, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing will be furnished to all interested parties at a later date.

For the most recent information regarding this docket, please refer to www.psc.sc.gov and *Docket No. 2022-__-WS.*

PLEASE TAKE NOTICE that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov.

4/22/2022

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2022-__ W/S**

Joint Application for Approval of
the Sale of Assets and Transfer of
Facilities, Territory and Certificate
of Public Convenience and
Necessity from Total Environmental
Solutions, Inc. to CSWR South
Carolina Utility Operating
Company, LLC

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CERTIFICATE OF SERVICE

This is to certify that I have served one (1) copy of the Application addressed as follows:

VIA ELECTRONIC MAIL SERVICE

<p>Andrew Bateman, Esq. Office of Regulatory Staff 1401 Main Street, Suite 900 Columbia SC 29201 abateman@ors.sc.gov</p>	<p>Carri Grube Lybarker Roger P. Hall Conor J. Parker South Carolina Department of Consumer Affairs 293 Greystone Blvd., Suite 400 Post Office Box 5757 Columbia, SC 29250 clybarker@scconsumer.gov rhall@scconsumer.gov cjparker@scconsumer.gov</p>
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s/ John J. Pringle, Jr.
John J. Pringle, Jr.

April 22, 2022